

## NB Grows Profit by 18% in 9M'2021, Compensate Investors With ₦0.40 Dividend

Nigerian Breweries Plc, on Thursday 28th October 2021 released its Third Quarter 2021 Financial Statement to the investing public. According to the report, the company increased in both the top and bottom-line as the revenue rose by 32.2% (from ₦234.0Bn in 9M'20 to ₦309.3Bn), driven by the seasonal effect and improved economic activities.

The company also grew in Other Income by 52.59% to ₦894.1Mn in 9M'21 as against ₦586Mn in 9M'20.

At the expense side, the company's Cost of Sales, Distribution and Administrative Expenses rose by 38%, 32.5% and 10.7% respectively to ₦198.7Bn (vs ₦144.1Bn in 9M'20), ₦69.1Bn (vs ₦52.2Bn in 9M'20) and ₦17.6Bn (vs ₦15.9Bn) in 9M'21.

Similarly, the Net Finance Cost climbed marginally by 4.2% from ₦11.5Bn in 9M'20 to ₦12.1Bn in 9M'21 following the 56.2% decline in Finance Income and 3.1% increase in Finance Cost.

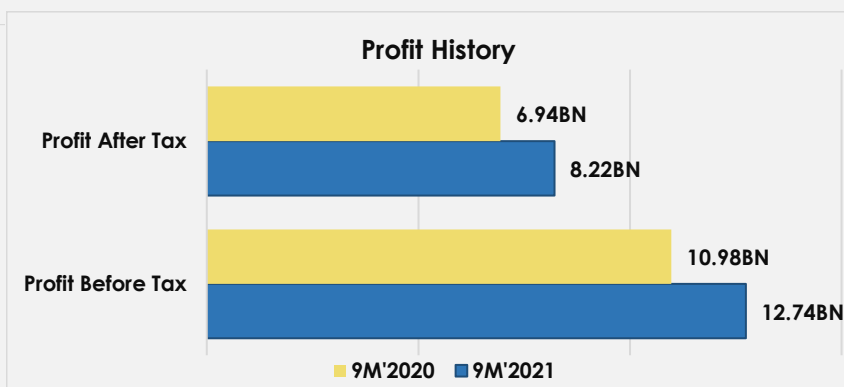
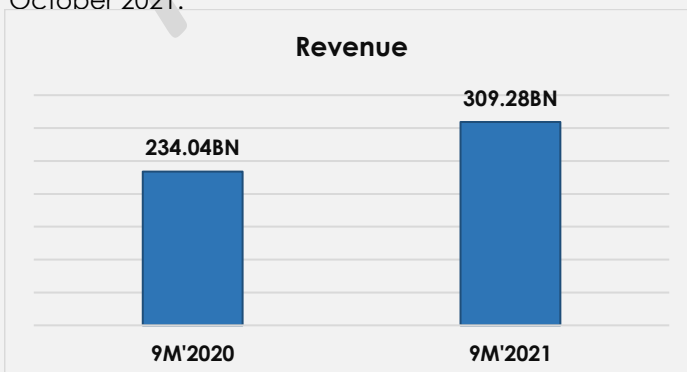
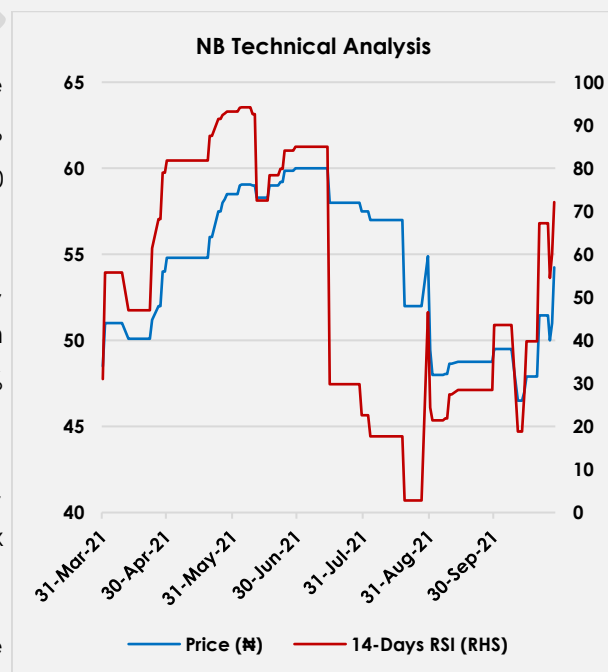
Furthermore, despite the increase in the Expense line items and Net Finance Cost, the company jumped in both its PBT and PAT, which rose by 16.0% (from ₦11.0Bn in 9M'20 to ₦12.7Bn in 9M'21) and 18.4% (from ₦7.0Bn in 9M'20 to ₦8.2Bn in 9M'21), respectively.

Consequently, the Earnings Per share also grew by 17.3% to ₦1.02 per share, as the company decided to reward the shareholders with an Interim Dividend of ₦0.40 per unit share, representing 39.3% paying ratio and 0.7% Dividend Yield compared to the Thursday, closing price of ₦54.25.

In addition, ROA and ROE improved to 1.8% and 4.9%, respectively. While, the Current and Cash Ratio recedes to 0.5x and 0.05x, compared to 0.6x and 0.2x recorded in 9M'20.

Finally, we maintained our target price of ₦65, representing an upside potential of 19.8%, compared to the ₦54.25 closing price on Thursday, 28th October 2021.

	9M'2021	9M'2020
<b>Profitability Ratios</b>		
<b>Gross Profit Margin</b>	35.74%	38.43%
<b>PBT Margin</b>	4.12%	4.69%
<b>PAT Margin</b>	2.66%	2.97%
<b>ROA</b>	1.79%	1.49%
<b>ROE</b>	4.91%	4.28%
<b>Market Ratio</b>		
<b>Price to Earnings</b>	53.32	59.92
<b>Earnings Per Share</b>	1.02	0.87
<b>Book Value Per Share</b>	20.74	20.29
<b>Price to Book Value</b>	2.62	2.56
<b>Interim Dividend (₦)</b>	0.40	0.25
<b>Liquidity Ratio</b>		
<b>Quick Ratio</b>	0.23	0.37
<b>Debt to Equity Ratio</b>	1.74	1.88
<b>Current Ratio</b>	0.49	0.56
<b>Cash Ratio</b>	0.05	0.23



Profit & Loss Account	9M'2021	9M'2020	%Change
<b>Revenue</b>	<b>309,281,410.00</b>	<b>234,038,733.00</b>	<b>32.15%</b>
COGS	(198,744,628.00)	(144,091,276.00)	37.93%
<b>Gross Profit</b>	<b>110,536,782.00</b>	<b>89,947,457.00</b>	<b>22.89%</b>
Other Income	894,114.00	585,966.00	52.59%
Marketing & Distribution Expenses	(69,112,213.00)	(52,154,608.00)	32.51%
Administrative Expenses	(17,582,078.00)	(15,888,705.00)	10.66%
<b>Operating Profit</b>	<b>24,736,605.00</b>	<b>22,490,110.00</b>	<b>9.99%</b>
Finance Income	94,878.00	216,506.00	-56.18%
Finance Cost	(12,093,972.00)	(11,729,142.00)	3.11%
<b>Net Finance Costs</b>	<b>(11,999,094.00)</b>	<b>(11,512,636.00)</b>	<b>4.23%</b>
<b>Profit Before Tax</b>	<b>12,737,511.00</b>	<b>10,977,474.00</b>	<b>16.03%</b>
Tax Expenses	(4,520,890.00)	(4,037,901.00)	11.96%
<b>Profit After Tax</b>	<b>8,216,621.00</b>	<b>6,939,573.00</b>	<b>18.40%</b>

Balance sheet	9M'2021	9M'2020	%Change
<b>Non-Current</b>			
PPE	214,518,876	199,301,684	7.64%
Intangible Assets	94,258,304	95,495,579	-1.30%
Investments	150,000	150,000	0.00%
Other Receivables	1,038,144	844,232	22.97%
<b>Total</b>	<b>349,181,138</b>	<b>338,957,954</b>	<b>3.02%</b>
<b>Current</b>			
Inventories	57,569,306	42,906,709	34.17%
Trade and Other Receivables	23,297,121	24,060,761	-3.17%
Prepayments	4,260,892	3,806,351	11.94%
Cash and Cash Equivalent	11,780,663	53,742,392	-78.08%
<b>Total</b>	<b>109,500,454</b>	<b>128,271,923</b>	<b>-14.63%</b>
<b>TOTAL ASSETS</b>	<b>458,681,592</b>	<b>467,229,877</b>	<b>-1.83%</b>
<b>Non-Current</b>			
Loans & Borrowings	34,863,921	41,300,540	-15.58%
Employee Benefit	17,970,084	14,210,728	26.45%
Deferred Tax	15,424,356	18,472,253	-16.50%
<b>Total</b>	<b>68,258,361</b>	<b>73,983,521</b>	<b>-7.74%</b>
<b>Current</b>			
Loans & Borrowings	43,701,004	6,420,657	580.63%
Current Tax Liabilities	10,470,882	16,175,597	-35.27%
Dividend Income	8,082,688	11,511,553	-29.79%
Trade & Other Payables	160,687,095	111,030,790	44.72%
<b>Total</b>	<b>222,953,062</b>	<b>230,956,989</b>	<b>-3.47%</b>
<b>TOTAL LIABILITIES</b>	<b>291,211,423</b>	<b>304,940,510</b>	<b>-4.50%</b>
Share Capital	4,037,916	3,998,451	0.99%
Share Premium	77,499,797	73,770,356	5.06%
Retained Earnings	86,210,408	84,242,644	2.34%
Non-Controlling Interest	107,280	101,222	5.98%
<b>TOTAL EQUITIES</b>	<b>167,470,169</b>	<b>162,289,367</b>	<b>3.19%</b>
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>458,681,592</b>	<b>467,229,877</b>	<b>-1.83%</b>

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